

ACT/037/046

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STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
Board of Oil, Gas and Mining
4241 State Office Building
Salt Lake City, Utah 84114

DIVISION OF
OIL, GAS & MINING

Redd Block Four

MINED LANDS RECLAMATION CONTRACT

THIS CONTRACT, made and entered into this 24th day of January, 1985, by and among Umetco Minerals Corporation (hereinafter "Umetco"), a corporation duly authorized and existing under and by virtue of the laws of the State of Delaware and duly qualified to do business in this State, Union Carbide Corporation (hereinafter "UCC"), a Corporation duly authorized and existing under and by virtue of the laws of New York, on behalf of its wholly-owned subsidiary Umetco, and the Board of Oil, Gas and Mining (hereinafter the "Board"), duly authorized and existing by virtue of the laws of the State of Utah.

W I T N E S S E T H:

WHEREAS, UCC has transferred certain assets to Umetco including ownership and possession of certain mining claims and/or leases located in San Juan County, State of Utah, known as the Redd Block Four Mine, as more particularly described in the Mining and Reclamation Plan, referenced below.

WHEREAS, UCC, on the 18th day of July, 1979, did duly file with the Division of Oil, Gas, and Mining, a "Notice of Intention to Commence Mining Operations" and a "Mining and Reclamation Plan" to secure authorization to engage in certain mining operations in the

State of Utah, under the terms and provisions of the Mined Land Reclamation Act, Section 40-8, UCA, 1953;

WHEREAS, UCC, on the 18th day of September, 1979, did duly execute with the Board a "Mined Lands Reclamation Contract", whereunder UCC, upon providing sufficient corporate guarantees in lieu of a bond, promised and agreed to reclaim certain affected mining lands in accordance with an approved mining and reclamation plan, the Mined Land Reclamation Act and all applicable rules and regulations;

WHEREAS, Umetco, on the 16th day of January, 1985, did duly file with the Division of Oil, Gas, and Mining an "Application for Permit Transfer" to permit Umetco to engage in mining operations at the Redd Block Four Mine in the State of Utah, under the terms and provisions of the Mined Land Reclamation Act, Section 40-8, UCA, 1953;

WHEREAS, Umetco is presently able and willing to reclaim the above referenced "affected mining lands" in accordance with the approved Mining and Reclamation Plan, as amended, the Mined Land Reclamation Act, and all applicable rules and regulations adopted in accordance therewith;

WHEREAS, the Board has duly considered the factual information and recommendations provided by the staff of the Division of Oil, Gas, and Mining as to the magnitude, type and cost of the approved reclamation activities designed for the affected mining lands;

WHEREAS, the Board is cognizant of the nature, extent, and duration of Umetco's operations and Umetco's financial status and its capabilities of carrying out and performing the designed reclamation activities.

WHEREAS, UCC, on behalf of its wholly-owned subsidiary Umetco, wishes, by these presents, to furnish the required corporate guarantee in order that Umetco may continue operations at the Redd Block Four Mine;

NOW THEREFORE, for and in consideration of the foregoing and the covenants and agreements hereinafter set forth, the parties hereto agree as follows:

1. Umetco shall reclaim the affected mining lands in accordance with the approved Mining and Reclamation Plan, as amended, the Mined Land Reclamation Act, and all applicable rules and regulations adopted in accordance therewith;

2. Subject to the provisions of paragraph 6, below, Union Carbide guarantees to the Board that during the term of this Contract in the event that Umetco fails to reclaim the affected mining lands, UCC, upon notice from the Board, shall arrange for performance of such activities.

3. The current cost estimate for reclamation is \$5,348.00. This sum shall be subject to annual adjustments to reflect changes in reclamation costs, or estimates of such costs, due to changes in reclamation requirements, economic conditions (e.g., inflation), or

phased completion of reclamation by Umetco which result in a reduction of total reclamation costs.

4. The Board and Umetco agree that within ten (10) days following the execution of this Agreement and then annually thereafter on or about April 1st, throughout the term of this Agreement, Umetco shall supply to the Division of Oil, Gas and Mining a copy of the most recent United States Securities and Exchange Commission Form 10-K Statement filed by UCC;

5. This Contract supersedes all prior Mined Land Reclamation Contracts, including but not limited to the Mined Land Reclamation Contract, dated September 18, 1979, by and between UCC and the Board.

6. This Contract shall remain in effect so long as Umetco remains a wholly-owned subsidiary of Union Carbide. If the corporate relationship is altered in any way, this Agreement shall be terminated and Umetco, within 90 days of that alteration, shall submit an alternative surety agreement acceptable to the Board or Umetco shall commence reclamation of and reclaim the affected land.

7. Should the Board at any time determine that UCC's corporate guarantee is no longer an acceptable method of insuring Umetco's reclamation obligations, the Board reserves the right, subject to ninety (90) day prior written notice being given to Umetco, to rescind this Contract in its entirety. Within that ninety (90) day period, Umetco shall submit an alternative surety agreement

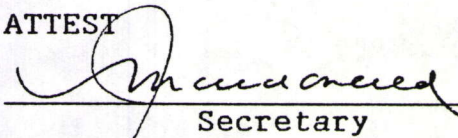
acceptable to the Board or Umteco shall commence reclamation of and reclaim the affected land.

8. This Contract shall not become effective until executed by authorized representatives of all parties.


IN WITNESS WHEREOF, the parties hereto have caused this Contract to be executed by their duly authorized representatives as of the date first above written.

UMETCO MINERALS CORPORATION

ATTEST

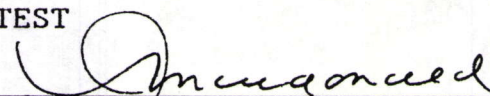

Secretary

By:

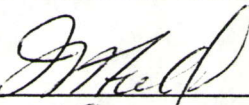

VICE PRESIDENT AND GENERAL
MANAGER, URANIUM, COAL, GAS
+ OIL CLD

UNION CARBIDE CORPORATION

ATTEST


Asst Secretary

By:

 CLD
EXECUTIVE VICE PRESIDENT

BOARD OF OIL, GAS, AND MINING

By:


Title: Chairman